



IOWA GENERAL ASSEMBLY  
**LEGISLATIVE SERVICES AGENCY**

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**MEMORANDUM**

**DIVISIONS**

LEGAL SERVICES  
RICHARD L. JOHNSON

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FISCAL SERVICES  
HOLLY M. LYONS

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COMPUTER SERVICES  
GLEN P. DICKINSON

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ADMINISTRATIVE SERVICES  
TIMOTHY C. FALLER

TO: Legislative Fiscal Committee

FROM: Dave Reynolds

DATE: November 7, 2005

RE: Iowa State University Lease Purchase Notification

The Board of Regents has submitted a lease purchase notification for the purchase of laptop computers to be used in the College of Design at Iowa State University.

The total cost of the agreement is estimated at \$590,000, which includes \$550,000 in principal and \$40,000 in interest. The agreement will be for a period of three years at an interest rate of 4.78%. The annual debt service payments are estimated to total \$197,000 and will be paid from student fees.

Additional information concerning the lease purchase is provided on the attachment. If you have any questions, do not hesitate to contact me at (515) 281-6934.

cc: Gary Steinke, Board of Regents

FISCAL SERVICES

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**David L. Reynolds**

Sr. Legislative Analyst  
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*dave.reynolds@legis.state.ia.us*

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## LEASE PURCHASE PRIOR NOTIFICATION (FOR PURCHASES GREATER THAN \$50,000)

Agency Name	Budget Unit/Fund Name	Budget Unit/Fund No.
Iowa State University	College of Design	

## ACQUISITION INFORMATION

**Description of Acquisition:**

Iowa State University has developed a computer leasing program for students in the College of Design. The program calls for the University to purchase laptop computers and lease them to students for a three year period.

The students will be billed each semester for the lease.

Type of Acquisition _X_ New    ___Replacement ___ Continuation	Duration of Lease (Mo/Yr) Start:09/28/05 End:07/01/08	Contract Type Master Lease 3 year term	Estimated Useful Life 3 years
		<b>Estimated Cost if Purchased Outright: \$549,784.01</b>	
General Fund:	\$		
Federal:	\$	<b>Principle: \$549,784.01</b>	
Revolving Fund:	\$		
Road Use Tax:	\$	<b>Finance Charge: \$40,172.51</b>	
Primary Road Fund:	\$		
Other: College of Design	\$549,784.01	<b>Interest Rate: 4.78%</b>	
Total:	\$549,784.01		

## CASH FLOW

	Fiscal Year 06 Cost:	Fiscal Year 07 Cost:	Fiscal Year 08 Cost:	Fiscal Year 09 Cost:	Fiscal Year Cost:	Total Cost
Principle:	\$91,486.17	\$176,853.09	\$185,407.68	\$96,037.07		\$549,784.01
Interest:	\$6,839.92	\$19,799.09	\$11,244.50	\$2,289.00		40,172.51
Total:	\$98,326.09	\$196,652.18	\$196,652.18	\$98,326.07		\$589,956.52
	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Total Cost
Principle:						
Interest:						
Total:						

## JUSTIFICATION/CONSEQUENCES OF DELAY OR ABANDONMENT

Based on a survey, the University has concluded that there is a student demand for this type of computer leasing program. The computers will have software installed specifically for the College of Design curriculum.

Contact Person: Joan Thompson	Title: Treasurer	Phone Number: (515) 294-6854
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